COLORADO PRELIMINARY[1] POPULATION FORECASTS

Colorado Division of Local Government
(November, 2004)

The population of **Colorado**, which is estimated at 4,586,000 for July 1, 2003, is expected increase 60,000 per year or grow at annual rates of 1.0% and 1.5% to reach 4,700,000 by (July 1,) 2005. For the ten year period thereafter, it is expected to grow at an average annual rate of 1.8%, and then gradually slow to 1.5% reaching 7,155,000 by 2030.

Growth in the state above the national average of 1%, is primarily from growth in the Front Range and Western Slope, though after 2010, all parts of the state are expected to grow at or above the national average.

Growth in the **Front Range** in the next several years is tied to expected increases in certain basic[2] industries. The significant increases are expected to be in national and regional services, such as business, professional and financial services, defense and trucking and warehousing. Other industries that will remain strong in the Front Range will be electrical machinery and instruments manufacturing, the Federal government, and air transportation.[3]

Generally, above-average growth will continue to occur in Colorado because of continued ***above-average growth in the West*** related, in part, to growing Asian markets and ***decentralization tendencies*** away from California. Since the 1990 Census, the fastest growing states in the country have been Nevada, Arizona, Colorado, Utah, and Idaho, with Arizona and Colorado adding the most population, 2,000,000 and 1,300,000 respectively. It is expected that these decentralization trends will continue as the economic and social costs of living and doing business on the Pacific Coast continue to remain high.

Colorado's potential for gain from these general trends in the West is reinforced by the ***special attractiveness*** of the state and the Front Range to businesses and their employees and to other residents. Denver, Colorado Springs, Ft Collins and other metropolitan areas of the Front Range are ideally situated in the newly-emergent international economy. They sit halfway between the trading centers of Chicago, St. Louis, Texas and the West Coast, and they are favorably juxtaposed between the growing trading centers of Mexico and Northwestern Canada. The Denver International Airport secures the region's (including Ft. Collins and Greeley) role as a national and international trading center as well as it's own role as a

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[1] These sub-state projections, in addition to projections of employment and labor force, will be used as a **starting point** by the Demography Section working in conjunction with region and county agencies for the review and revision of these forecasts.

[2] A base industry is one which primarily sells it goods (or services) to purchasers outside the region or state thereby bringing new dollars into area via employees and others related to these industries. Through their expenditures for locally provided goods and services, they generate economic activity in local consumer-related industries and services.

[3] These increases have occurred in the context of **losses** in employment in several other major sectors, e.g., aerospace manufacturing, the military (Lowry Air Force Base) and other defense activities.

transportation hub.

The **Western Slope and Central Mountains** are forecast to be the fastest growing parts of the state for several reasons. The resort areas of Summit, Eagle (Vail), Pitkin (Aspen), San Miguel (Telluride) and Routt (Steamboat Springs) counties are impacted by tourism and tourism related industries creating jobs. Many of these jobs establish new permanent populations, many of whom reside in neighboring counties such as Lake, Grand, Garfield, Montrose, and Mesa. The attractiveness of cities of the Western Slope to small businesses and tele-commuters wanting to get away from large metropolitan areas has fostered additional growth in La Plata (Durango), Montezuma (Cortez), Mesa (Grand Junction), Delta, Montrose, and Chaffee (Salida) counties. Finally, the attractiveness of all of these areas and others, e.g., Archuleta County, to retirees is also adding population to the region. All of the factors, the growing number of tourist dollars as the baby-boomers reach middle-age, the desire of many small businesses to move to smaller areas, and the overall number of retirees, are expected to continue or increase throughout the forecast period.

Most of the remainder of the state, largely **agricultural counties**, will grow at slower rates, but this growth is in contrast (in many of these counties) to the declines they have experienced for more than four decades and during the recent drought. Growth in the Front Range, elsewhere in the West, and new ties to the Pacific Rim countries generally will increase the markets for their agricultural goods. In addition, many of these non-metropolitan counties and communities will continue to attract small businesses (some related to agriculture) and new retirees as they have in the recent past related to the overall growth in this multi-state region.

After 2010 (if not sooner), **demographic** forces will play a particularly strong role in the growth of both the nation and the state. That is the year in which the first of the baby boomers reach the age of 65. From that time on, large portions of the population will begin to exit the labor force and retire. This exiting of the labor force will reinforce already strong demands for immigrants in the country and for in-migrants to the state. The increased number of retirees will create a strong increase in demand for services for the elderly, adding additional jobs and people to the state. In addition to the Western Slope, the Front Range and the agricultural areas will have their unique advantages for attracting retiring baby-boomers.

Colorado's rate of growth is expected to slow down over time due to the expected slowdown in the rates of growth of the U. S. population. The current average annual growth rates of the U. S. population are just above one percent, 1.1%, and are expected to slow by 0.1% each decade. This slowing results from the fact that fertility rates have been barely above the replacement level (if 2 children per woman) since the late 1960's. In fact, if it was not for the current immigration of approximately one million persons per year, the U. S. labor force would begin to decline in 2010 and its population would flatten off at roughly 300 million by 2025.

Methodology

State and county population forecasts have been produced by an economic-demographic projection system which models the relationship between demographic and economic change at the county, region, and state level. The procedures can be summarized as follows: A series of separate steps projects the supply and demand for labor in a region's economy for the projection period. The **supply** of labor is projected in two steps. A cohort-component model (described below) survives the resident population forward in time, based on specified fertility and mortality assumptions. Assumed age-sex specific labor force participation rates are then applied to this population to create the indigenous supply of labor. The **demand** for labor is projected by an econometric model which relates the region's industrial structure to demand for that sector's output at the state and national level. Where demand for labor exceeds supply, equilibrium is restored by migrating people into the region. Where the supply exceeds demand, out-migration is assumed to occur. Thus, the amount of migration to or from a given region is determined by projected labor supply and demand at each period.

These current forecasts are based on a draft economic forecast completed in September, 2004. The economic forecasts were prepared by the Center for Business and Economic Forecasting. The forecasts as related to the population forecasts are currently being reviewed by region and county professionals.

The population forecasts are prepared by single years of age for both males and females using a cohort-component model. As its name implies, a cohort-component model projects each component of population change separately (deaths, births, and migration) while maintaining the cohort (age-sex) detail of the population. In the first step for each year, the number of people in each group is "survived" (deaths are subtracted) to the next year and the next age group. Fertility rates are then applied to the women of child-bearing age (15 - 49) to produce a new birth cohort for the year. Age-sex specific labor force participation rates are applied to the population 16 and over to estimate the total labor force provided by the existing population. Finally, migrants are added or subtracted from each age-sex group to achieve a population sufficient to supply a labor force demanded by the economic forecast.

This population forecast output data can be compiled for any age group or combination of age groups, and for any county or region or combination of counties to any year up to 2030. The data are available by age by county on the internet at www.dola.colorado.gov/demog.

Questions about particular aspects of the model or the data and assumptions used in running the model should be addressed to Cindy DeGroen or Jim Westkott (866-2156).

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